

September 25, 2018

Subject: Additional Funding for Round 2 of the TCC Program

Reporting Period: July – September 2018

Staff Lead: Louise Bedsworth and TCC/AHSC Staff

Recommended Action:

Approve the use of up to \$20 million in FY 17-18 funds from the Affordable Housing and Sustainable Communities Program to support projects included in implementation grants awarded through Round 2 of the Transformative Climate Communities Program. These funds should be used, to fullest extent possible, to support projects that support housing, transit, active transportation, and housing- and transit-related infrastructure.

Summary:

The mission of the Strategic Growth Council is to support healthy, resilient communities across California. The Council realizes this mission, in large part through the Transformative Climate Communities (TCC) and Affordable Housing and Sustainable Communities (AHSC) programs. Senate Bill 2722 (Burke, 2015) established TCC to support the “development and implementation of neighborhood-level transformative climate community plans that include multiple, coordinated greenhouse gas emissions reduction projects that provide local economic, environmental, and health benefits to disadvantaged communities” (Public Resources Code 75240). Eligible project types include housing, housing-related infrastructure, transit investments, energy and water efficiency projects, parks and urban greening. The goal of TCC is to make a significant investment in a coordinated set of projects to achieve positive environmental, economic, and health outcomes.

The first round of TCC awarded three grants to Fresno (approximately \$70 million), Watts (approximately \$35 million), and Ontario (approximately \$35 million). Each grant includes a fifty percent match from the lead applicant. Based on the information collected through the Round 1 engagement process, SGC determined that an investment of at least \$35 million, with a fifty percent match from the lead applicant, was needed to achieve TCC’s objective of community transformation.

The most recent appropriations for TCC resulted in approximately \$50 million to support implementation grants. At the July 31, 2018 Council meeting, the Council approved Round 2 TCC Guidelines and directed staff to release a Notice of Funding Availability for Round 2 applicants. The Council also directed staff to identify possible sources of additional funding so that Round 2 grants could be on the same order the two \$35 million grants made in Round 1.

Based on this direction, Staff investigated options and is proposing that the Council approve the use of \$20 million from the Council's 20 percent continuous appropriation that supports the Affordable Housing and Sustainable Communities (AHSC) program. AHSC was established to "reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development, and that support related and coordinated public policy objectives, including the following:

- (a) Reducing air pollution.
- (b) Improving conditions in disadvantaged communities.
- (c) Supporting or improving public health and other co-benefits as defined in Section 39712 of the Health and Safety Code.
- (d) Improving connectivity and accessibility to jobs, housing, and services.
- (e) Increasing options for mobility, including the implementation of the Active Transportation Program established pursuant to Section 2380 of the Streets and Highways Code.
- (f) Increasing transit ridership.
- (g) Preserving and developing affordable housing for lower income households, as defined in Section 50079.5 of the Health and Safety Code.
- (h) Protecting agricultural lands to support infill development" (Public Resources Code 75210).

State law directs that at least fifty percent of AHSC funds be used to support affordable housing (Health and Safety Code Section 39719). SGC staff will ensure that this requirement is met across the appropriation. In addition, the eligibility provisions for AHSC funds in the Public Resources Code are aligned with TCC projects and objectives. Moreover, the transferred AHSC funds will be used to support housing and housing-related investments by TCC grantees, to the fullest extent possible. Nearly thirty percent of TCC funds awarded in Round 1 are being used to support investments in AHSC project types. Of those funds, approximately ninety percent is used for Affordable Housing Development and Housing Related Infrastructure, and ten percent is being invested in Sustainable Transportation Infrastructure, Transportation-Related Amenities, and program costs. Other project investments include active transportation, public infrastructure, transit, and urban parks and greening projects.

Therefore, staff is proposing that \$20 million in AHSC funds be made available to Round 2 applicants under the TCC program.